



RECONCILIATION
AUSTRALIA

Reconciliation Australia Limited

ABN 76 092 919 769

Annual Financial Report

For the year ended 30 June 2021



Contents to financial report

	Page no.
Directors' report	3
Auditor's declaration of independence	8
Directors' declaration	9
Statement of profit or loss and other comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14
Independent auditor's report	27

Directors' report

Your directors present this report to the members of Reconciliation Australia Limited (Reconciliation Australia) for the year ended 30 June 2021.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Name	Particulars
Professor Thomas E. Calma AO <i>Hon DLitt, Hon DSc, Hon DUniv</i>	Professor Calma is an Aboriginal elder from the Kungarakan tribal group and a member of the Iwaidja tribal group in the Northern Territory. He is currently the Chancellor of the University of Canberra and Co-Chair of the Senior Advisory Group of the Indigenous Voice co-design process. Professor Calma holds board positions with Ninti One and the Australia Literacy and Numeracy Foundation. He previously served as the Aboriginal and Torres Strait Islander Social Justice Commissioner and the Race Discrimination Commissioner. Professor Calma had an approved leave of absence from the Board from 1 July 2020 to 26 November 2020.
Ms Melinda A. Cilento <i>BA, BEc (Hons), MEd</i>	Ms Cilento is CEO of the Committee for Economic Development of Australia (CEDA), a non-executive director of Australian Unity and a member of the Parliamentary Budget Office panel of expert advisors. She was previously a non-executive director of Woodside Petroleum and has held senior management and economist roles at the Productivity Commission, Business Council of Australia, International Monetary Fund and the Commonwealth Department of Treasury.
Mr Glen A. Kelly <i>BEnvSc, MAICD</i>	Mr Kelly is a Noongar man and is a member of the National Native Title Tribunal and principal of Djiba Consulting. Mr Kelly was formerly the CEO of the National Native Title Conference and CEO of the South West Aboriginal Land and Sea Council where he was the chief negotiator of the Noongar Native Title Settlement. Mr Kelly had an approved leave of absence from the Board from 26 November 2020 to 1 April 2021. He then resigned as a director on 2 April 2021.
Mr Kenny R. Bedford <i>BAppHSc, DipYW</i>	Mr Bedford is of the Meuram tribe of Erub Island in the Torres Strait. He is a Director of My Pathway, Debe Mekik Le Consultancy and the Indigenous Empowerment Network. Mr Bedford was previously the President of the Erub Fisheries Management Association and on the board of the Torres Strait Regional Authority.
Ms Sharon L. Davis <i>BEd, MSc (Oxon.)</i>	Ms Davis is from both the Bardi and Kija Peoples of the Kimberley and is the Director of Education at the Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS). She is a director of the Stronger Smarter Institute and previously led Aboriginal education with Catholic Education Western Australia.
Mr Doug A. Ferguson <i>BBA (Accounting) FCA</i>	Mr Ferguson is a Partner with KPMG and is currently the NSW Chairman and Head of Asia and International Markets. He is an Adjunct Professor at the University of Sydney Faculty of Business, a director of Advance.org, and a member of the Asia Society Australia and the Business Council of Australia's International Leadership Group. Mr Ferguson was appointed as a director on 1 January 2021.

Name	Particulars
Mr Bill D. Lawson AM <i>BEng</i>	Mr Lawson is Co-Chair of Reconciliation Tasmania and a retired engineer, most recently working as a Principal at Sinclair Knight Merz. From 2011 to 2012. Mr Lawson was the Tasmanian representative on the Prime Minister's Expert Panel for the Recognition of Indigenous Australians. He is also the founder of the Beacon Foundation.
Ms Djapirri Mununggirritj	A Yolgnu elder from North East Arnhem, Ms Mununggirritj is a board member of Miwatj Aboriginal Health, Gumatj Aboriginal Corporation and the Dhumurru Land Management Aboriginal Corporation. She is also heavily involved in the Yothu Yindi Foundation including the Garma Festival. Ms Mununggirritj resigned as a director on 26 November 2020.
Mr Peter S. Nash <i>BComm, FCA</i>	A Chartered Accountant with over 30 years' experience, Mr Nash is the non-executive Chairman of Johns Lyng Group and a non-executive director of Westpac Banking Corporation, Mirvac and ASX Limited. He was previously the Australian Chairman of KPMG, where he held positions on KPMG's Global and Asia Pacific boards. Mr Nash is also a board member of the Koorie Heritage Trust and Golf Victoria Limited. He resigned as a director on 26 November 2020.
Ms Kirstie M. Parker	A Yuwallarai woman from northwest NSW, Ms Parker is currently the Interim CEO of Tandanya - National Aboriginal Cultural Institute, on secondment from her role as the Director of Aboriginal Affairs and Reconciliation with the Department of Premier and Cabinet (SA). She was previously the CEO of the National Centre of Indigenous Excellence and Co-Chair of the National Congress of Australia's First Peoples. Ms Parker has over 25 years' experience in journalism and management of Indigenous organisations, including as the Editor of the Koori Mail.
Ms Joy Thomas	Ms Thomas comes from a background in federal politics, serving for many years as an adviser and chief of staff to ministers in the Howard Government. She previously held senior management positions with the Australian Medicare Local Alliance (AML Alliance) and Australian General Practice Network (AGPN). Ms Thomas works as a private consultant to peak industry bodies across the agriculture, water and energy sectors.

The above named directors held office during the whole of the financial year and since the end of the financial year except for:

- Professor Calma who had an approved leave of absence from the Board and as Co-Chair from 1 July to 26 November 2020.
- Mr Kelly who had an approved leave of absence from the Board from 26 November 2020 to 1 April 2021. He then resigned as a director on 2 April 2021.
- Mr Nash who resigned as a director on 26 November 2020.
- Ms Mununggirritj who resigned as a director on 26 November 2020.
- Mr Ferguson who was appointed as a director on 1 January 2021.

Company secretaries

Ms Karen Mundine (Chief Executive Officer) has been the Company Secretary since 18 September 2017. She is from the Bundjalung Nation of northern NSW and has more than 20 years' experience leading community engagement, public advocacy, communications and social marketing campaigns. Ms Mundine holds a Bachelor of Arts in Communications and is a director of Gondwana Choirs and the Australian Indigenous Leadership Centre.

Ms Kathryn O'Meara (Finance Manager) was appointed as an additional Company Secretary on 6 November 2020. She has extensive financial management and corporate governance experience working in a range of industries including professional services, corporate multi-nationals and not-for profit. Ms O'Meara holds a Bachelor of Commerce (Accounting) and is a member of the Chartered Accountants in Australia and New Zealand.

Short and long term objectives and strategy

Reconciliation Australia is the lead body for reconciliation in the nation. The company is an independent, not-for-profit organisation that promotes and facilitates reconciliation by building relationships, respect and trust between Aboriginal and Torres Strait Islander peoples and non-Indigenous Australians.

Our purpose is to inspire and enable all Australians to contribute to the reconciliation of our nation. Our vision of a just, equitable and reconciled Australia and is based on five inter-related dimensions: race relations, equality and equity, unity, institutional integrity, and historical acceptance.

Principal activities

During the year, Reconciliation Australia was involved in a range of programs and projects aimed at connecting people and promoting a greater understanding of Australia's First Nations' histories, cultures, identities and successes. This includes:

- Reconciliation Action Plan (RAP) program
- Indigenous Governance Program
- Narragunnawali: Reconciliation in Education
- National Reconciliation Week
- Australian Reconciliation Barometer
- Constitutional Reform and Truth Telling

Review of operations

The result of Reconciliation Australia's operations in the current year was a surplus of \$314,213 (surplus of \$143,106 in 2020).

Reconciliation Australia's general operational activities were primarily funded by the Commonwealth Government, through the National Indigenous Australians Agency. Funding was also received from the BHP Foundation, corporate supporters and private donors.

In preparing these financial statements the directors have considered the impact of the COVID-19 pandemic. The directors are of the opinion that COVID-19 related circumstances have not materially impacted the company's performance, current year financial results or future outlook. Reconciliation Australia was able to ensure that its operations were not adversely impacted by using remote work arrangements and digital delivery mechanisms as required.

Changes in the state of affairs

There were no significant changes in the state of affairs of Reconciliation Australia during the financial year.

Subsequent events after the balance date

On 12 July 2021 the company signed a new lease for 232 square metres of office space within Old Parliament House, Canberra. Commencing 1 August 2021, the lease has a three year term with rental and outgoing costs of \$6,456 per month.

There has been no other matters or circumstances occurring subsequent to the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future years.

Environmental regulation and performance

Reconciliation Australia is not subject to any particular or significant environmental regulation.

Indemnification of officers and auditors

During the financial year, Reconciliation Australia paid a premium in respect of a contract insuring the directors of Reconciliation Australia (as named above), the company secretary, the Chief Executive Officer and all executive officers of Reconciliation Australia against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the amount of the premium.

Reconciliation Australia has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of Reconciliation Australia against a liability incurred as such an officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

During the financial year four board meetings and five audit and risk committee meetings were held.

Director	Board of directors		Audit and risk committee	
	Held	Attended	Held	Attended
Mr K. R. Bedford	4	4	5	5
Prof. T. E. Calma AO	3	3	3	3
Ms M. A. Cilento	4	4	5	5
Ms S. L. Davis	4	4	-	-
Mr D. A. Ferguson	2	2	3	3
Mr G. A Kelly	2	1	3	2
Mr W. D. Lawson AM	4	4	5	5
Ms D. Mununggirritj	2	2	-	-
Mr P. S. Nash	2	2	3	3
Ms K. M. Parker	4	3	-	-
Ms J. Thomas	4	3	-	-

Members' guarantee

In accordance with Reconciliation Australia's constitution, each member is liable to contribute \$1 in the event that the company is wound up. The total amount members would contribute is \$8.

Auditor's independence declaration

The auditor's independence declaration is included on page 8 of this financial report. The directors' report is signed in accordance with a resolution of directors.

On behalf of the directors:



Professor Thomas Calma AO
Director



Ms Melinda Cilento
Director

22 October 2021

The Board of Directors
Reconciliation Australia Limited
Old Parliament House
King Georges Terrace
Parkes ACT 2600

22 October 2021

Dear Directors

Auditor's Independence Declaration to Reconciliation Australia Limited

In accordance with Subdivision 60-C of the Australian Charities and Not-for-profits Commission Act 2012, I am pleased to provide the following declaration of independence to the directors of Reconciliation Australia Limited.

As lead audit partner for the audit of the financial report of Reconciliation Australia Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

David Salmon

David Salmon
Partner
Chartered Accountants

Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that Reconciliation Australia will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes there to, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the directors made pursuant to s. 60.15 of the Australian Charities and Not-for-profits Commission Regulation 2013.

On behalf of the directors:



Professor Thomas Calma AO
Director



Ms Melinda Cilento
Director

22 October 2021

Statement of profit or loss and other comprehensive income

for the year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue	4(a)	6,642,594	6,380,163
Employee benefits expense		(3,659,935)	(3,621,144)
Consultants and outside services expense		(326,154)	(214,126)
Communications and marketing expense		(1,530,163)	(1,377,494)
Workshops and events expense		(368,843)	(289,118)
Travel and accommodation expense		(52,803)	(327,270)
Office communications and supplies expense		(28,750)	(54,660)
Office facilities and utilities expense		(53,731)	(42,815)
Depreciation and amortisation expense	4(b)	(261,278)	(292,029)
Other expenses		(46,724)	(18,401)
Surplus before tax		314,213	143,106
Income tax expense	3	-	-
Surplus for the year from continuing operations		314,213	143,106
Other comprehensive income for the year		-	-
Total comprehensive income for the year		314,213	143,106

This statement of profit or loss and other comprehensive income is to read in conjunction with the attached notes.

Statement of financial position

as at 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents		1,330,307	1,807,956
Investments	6	2,789,859	1,610,484
Trade and other receivables	7	163,491	104,307
Other assets	8	160,809	128,709
Total current assets		4,444,466	3,651,456
Non current assets			
Property, plant and equipment	9	161,594	128,811
Right-of-use assets	10	331,231	252,617
Total non current assets		492,825	381,428
Total assets		4,937,291	4,032,884
Liabilities			
Current liabilities			
Trade and other payables	11	242,461	263,496
Lease liabilities	10	123,381	224,996
Provisions	12	289,602	340,812
Contract liability	13	895,260	366,339
Total current liabilities		1,550,704	1,195,643
Non current liabilities			
Lease liabilities	10	220,775	36,425
Provisions	12	141,678	90,895
Total non current liabilities		362,453	127,320
Total liabilities		1,913,157	1,322,963
Net assets		3,024,134	2,709,921
Equity			
Capital and reserves			
Retained earnings	14	2,695,897	2,284,391
Reserves	15	328,237	425,530
Total equity		3,024,134	2,709,921

This statement of financial position is to read in conjunction with the attached notes.

Statement of changes in equity

for the year ended 30 June 2021

	Note	Constitutional Reform Reserve \$	Retained earnings \$	Total \$
Balance at 30 June 2019		479,052	2,087,763	2,566,815
Surplus for the year		-	143,106	143,106
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	143,106	143,106
Transferred to / (from) reserve	15(a)	(53,522)	53,522	-
Balance at 30 June 2020		425,530	2,284,391	2,709,921
Surplus for the year		-	314,213	314,213
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	314,213	314,213
Transferred to / (from) reserve	15(a)	(97,293)	97,293	-
Balance at 30 June 2021		328,237	2,695,897	3,024,134

This statement of changes in equity is to read in conjunction with the attached notes.

Statement of cash flows

for the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flow from operating activities			
Receipts from sponsors		412,866	370,931
Project funding received		2,751,553	2,283,020
Government grants received		3,650,000	3,650,000
Proceeds from donations and fundraising appeals		290,855	146,596
Interest paid on lease liabilities		(12,482)	(17,651)
Payments to suppliers and employees		(5,077,371)	(4,934,645)
Net GST and employee taxes paid		(993,349)	(886,398)
Net cash generated by operating activities	5	<u>1,022,072</u>	611,853
Cash flow from investing activities			
Interest received		47,662	64,359
Net (purchase of) / proceeds from investments		(1,179,375)	727,800
Purchase of property, plant and equipment		(116,271)	(32,022)
Net cash (used in) / generated by investing activities		<u>(1,247,984)</u>	760,137
Cash flow from financing activities			
Payment of principal portion of lease liabilities		(251,737)	(238,186)
Net cash (used in) in financing activities		<u>(251,737)</u>	(238,186)
Net (decrease) / increase in cash and cash equivalents		(477,649)	1,133,804
Cash and cash equivalents at the beginning of the year		<u>1,807,956</u>	674,152
Cash and cash equivalents at the end of the year		<u>1,330,307</u>	1,807,956

This statement of cash flows is to read in conjunction with the attached notes.

Notes to the financial statements

for the year ended 30 June 2021

1. General information

1.1 Corporate information

The financial statements of Reconciliation Australia Limited (the company) for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 12 October 2021.

Reconciliation Australia is a company limited by guarantee, incorporated and domiciled in Australia.

1.2 Statement of compliance

These financial statements are general purpose financial statements that have been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards – Reduced Disclosure Requirements, and comply with other requirements of the law.

For the purpose of preparing the financial statements, the company is a not-for-profit entity.

The presentation currency used in these financial statements is Australian dollars (\$). Amounts in these financial statements are stated in Australian dollars unless otherwise noted.

2. Application of new and revised accounting standards

2.1 Amendments to AASBs and the new Interpretation that are mandatorily effective for the current year

There are no new or revised accounting standards and interpretations issued by the Australia Accounting Standards board (the AASB) that have a material impact to the company and that are effective for an accounting period that begins on or after 1 July 2020.

2.2 New and revised Australian Accounting Standards in issue but not yet effective

At the date of authorisation of the financial statements, the company has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* which is effective for annual reporting periods beginning on or after 1 July 2021.

The company is in the process of assessing the impact of AASB 1060 on its operations and financial results.

3. Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

Basis of accounting

These financial statements have been prepared on the basis of historical cost. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, unless otherwise noted.

3. Significant accounting policies (continued)

Comparative figures

Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical account judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 3, the directors of the company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in bank.

Financial assets

Investments comprise of short-term bank deposits and hybrid fund securities which are listed on the Australia Stock Exchange. Investments are initially measured at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest method as they meet the following criteria:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Trade receivables and other receivables are measured at amortised cost using the effective interest rate method, less any impairment.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs.

Trade and other payables are subsequently measured at amortised costs using the effective interest rate method, with interest expense recognised on an effective yield basis. The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required, and they are capable of being measured reliably.

3. Significant accounting policies (continued)

Provision made in respect of employee benefits expected to be settled within twelve months are measured at their nominal amounts using the remuneration rate expected to apply at the time of settlement.

Provision made in respect of employee benefits that are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Going concern

The financial statements have been prepared on the going concern basis.

The directors note that the funding agreements with the BHP Foundation for the Narragunnawali: Reconciliation in Education and Indigenous Governance Program, are due to expire on 30 June 2022. This project funding represents 35% of the funding received in 2020-21 (refer to Note 4). The company has commenced negotiations with the BHP Foundation to secure funding for these programs post 30 June 2022.

The directors are of the view that the current financial position of the company, along with the forecast cash flows, provides sufficient evidence of the ability of the company to continue to operate for a period of at least 12 months from the date of signing of these financial statements.

Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item or expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

Impairment of assets

At each reporting date the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and depreciated replacement cost. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which the impairment loss is treated as a revaluation decrease (refer Property, plant and equipment).

3. Significant accounting policies (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in profit and loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase (refer Property, plant and equipment).

Income tax

The company is a charitable institution and has been endorsed by the Australian Taxation Office to access income tax exemptions under Subdivision 50-B of the Income Tax Assessment Act 1997. This endorsement applies from 1 July 2000 and there have been no changes to the Company's status to warrant a change to this endorsement.

In-kind contributions

From time to time Reconciliation Australia receives donated services and facilities. These contributions are not considered to be material and are not recognised in the financial report as the related transaction would be recorded as revenue and disbursement in the same financial year - and therefore has no effect on the results of the company.

Leases

The company assesses whether a contract is or contains a lease at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is engaged, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise of fixed lease payments.

The lease liability is presented as a separate line in the statement of financial position and is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, lease any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

3. Significant accounting policies (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The company applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment (except artwork). Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment (except artwork). Depreciation is calculated on a diminishing balance method so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value.

The following estimated useful lives are used in the calculation of depreciation:

Furniture and fitting	5 to 20 years
Office equipment	3 to 10 years
IT equipment	2 to 4 years
Leasehold improvements	2 to 3 years

Artwork is stated at cost and is not depreciated. The cost of the artwork approximates the fair value of this asset.

There have been no changes to the estimated useful lives of property, plant and equipment since the prior year.

Provisions

Provisions are recognised when the company has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Revenue recognition

The company recognise income from its main revenue/income streams as listed below:

- Government grants and project funding
- Charitable donations
- Interest income
- Other revenue

3. Significant accounting policies (continued)

Government grants, project funding and charitable donations

When the company receives government grants, project funding and charitable donations that are in the scope of AASB 1058 (being a transaction where the consideration paid to acquire the asset is significantly less than fair value principally to enable the company to further its objectives), it performs an assessment to determine if the contract is 'enforceable' and contains 'sufficiently specific' performance obligations.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied.

In all other cases (where the contract is not 'enforceable' or the performance obligations are not 'sufficiently specific'), the transaction is accounted for under AASB 1058 where the company:

- Recognises the asset in accordance with the requirements of other relevant applicable Australian Accounting Standards (e.g. AASB 9, AASB 16, AASB 116 and AASB 138).
- Considers whether any other financial statement elements should be recognised ('related amounts') in accordance with the relevant applicable Australian Accounting Standard including:
 - contributions by owners (AASB 1004)
 - a lease liability (AASB 16)
 - revenue, or a contract liability arising from a contract with a customer (AASB 15)
 - a financial instrument (AASB 9)
 - a provision (AASB 137)
- Recognises income immediately in the profit or loss for the excess of the initial carrying amount of the asset over any related amounts recognised

The company receives funding by way of grants and sponsorships for specific projects. Funding received in one year may be expected to fund the costs of that project over the course of more than one financial year. Revenues are recognised in a financial year to the extent of the relevant project's outlay in that period. Funds to be spent in future periods are provided for as revenue received in advance.

Interest income and other revenue

Interest income and other revenue is recognised when the right to receive the income has been established.

	2021 \$	2020 \$
4. Surplus from operations		
(a) Revenue		
Government grants	3,550,487	3,650,000
Project funding	2,322,145	2,151,681
Charitable donations	290,855	146,596
Interest income	61,401	55,955
Other revenue	417,706	375,931
Total revenue	6,642,594	6,380,163
<i>Timing of revenue recognition</i>		
Revenue recognised at a point in time	819,962	628,482
Revenue transferred over time	5,822,632	5,751,681
Total revenue	6,642,594	6,380,163
(b) Surplus before income tax		
<i>Surplus before tax has been arrived at after charging the following losses:</i>		
Loss from disposal of property, plant and equipment and intangible assets	25,053	1,078
<i>Surplus before tax has been arrived at after charging the following expenses:</i>		
Depreciation and amortisation expense:		
- Furniture and fittings	2,872	4,004
- Office equipment	13,848	6,926
- IT equipment	32,629	33,131
- Leasehold improvements	5,689	-
- Leasehold make good	3,396	977
- Right-of-use assets	257,094	246,991
- Write back of leasehold make good provision not required	(54,250)	-
Total depreciation and amortisation expense	261,278	292,029
Post employment benefits:		
- Defined contribution plans	301,742	281,220
Charitable donations administration costs	1,057	943

	2021 \$	2020 \$
5. Cash and cash equivalents		
<i>Reconciliation of profit for the year to net cash flows from operating activities</i>		
Cash flows from operating activities		
Profit for the year	314,213	143,106
Interest income recognised in profit and loss	(61,401)	(55,955)
Payment of principal portion of lease liabilities	251,737	238,186
Depreciation and amortisation of property, plant and equipment	58,434	45,037
Loss on disposal of property, plant and equipment	25,053	1,078
Write back of make good provision not required	(54,250)	-
Establishment of make good provision	24,794	-
Revaluation of make good provision	-	(977)
<i>Movements in working capital:</i>		
(Increase) / decrease in trade receivables	(45,445)	49,286
(Increase) / decrease in other financial assets	(32,100)	(54,031)
(Increase) / decrease in right-of-use assets	(78,614)	(252,617)
Increase / (decrease) in trade and other payables	(21,035)	(26,492)
Increase / (decrease) in lease liability	82,735	261,421
Increase / (decrease) in provisions	29,030	132,472
Increase / (decrease) in contract liability	528,921	131,339
Cash flow generated by / (used in) operating activities	1,022,072	611,853

6. Investments***Financial assets measured at amortised cost***

Bank cash deposits	800,174	1,610,484
Hybrid fund securities	1,989,685	-
Total investments	2,789,859	1,610,484

Bank term deposits earn interest at market rates. The average interest rate for the year was 0.40% (2020: 1.31%).

Hybrid fund securities earn interest at a defined rate above the Bank Bank Swap Rate (BBSW). The average interest rate for the year was 2.98% (2020: not applicable).

	2021 \$	2020 \$
7. Trade and other receivables		
Trade receivables	4,840	-
Other receivables	158,651	104,304
Total trade and other receivables	163,491	104,307

The average credit period on trade receivables is 14 days.
No interest is charged on trade and other receivables.

8. Other assets

Prepayments	130,559	110,709
Bonds	30,250	18,000
Total other assets	160,809	128,709

9. Property, plant and equipment

	Furniture and fittings \$	Artwork \$	Office equipment \$	IT equipment \$	Leasehold improvement \$	Total \$
Carrying amounts						
At 1 July 2020	28,577	4,483	29,204	66,547	-	128,811
At 30 June 2021	7,627	4,483	16,797	69,026	63,661	161,594
Cost or valuation						
At 1 July 2020	49,184	4,483	42,138	213,438	110,916	420,159
Additions	-	-	2,362	41,162	72,747	116,271
Disposals	(32,952)	-	(3,060)	(20,819)	(110,916)	(167,747)
At 30 June 2021	16,232	4,483	41,440	233,781	72,746	368,682
Accumulated depreciation						
At 1 July 2020	(20,607)	-	(12,934)	(146,891)	(110,916)	(291,348)
Charge for the year	(2,872)	-	(13,848)	(32,629)	(9,085)	(58,434)
Disposals	14,874	-	2,139	14,765	110,916	142,694
At 30 June 2021	(8,605)	-	(24,643)	(164,755)	(9,085)	(207,088)

10. Leases

The company leases several assets including office premises and equipment. The lease terms are either two or three years.

	Office equipment \$	Office premises \$	Total \$
<u>Right-of-use assets</u>			
<i>Carrying amounts</i>			
At 1 July 2020	205,804	46,813	252,617
At 30 June 2021	276,572	54,659	331,231
<i>Cost</i>			
At 1 July 2020	429,388	70,220	499,608
Additions	308,001	58,161	366,162
Disposals	(145,648)	(70,220)	(215,868)
At 30 June 2021	591,741	58,161	649,902
<i>Accumulated depreciation</i>			
At 1 July 2020	(223,584)	(23,407)	(246,991)
Charge for the year	(237,232)	(19,861)	(257,094)
Disposals	145,648	39,766	185,414
At 30 June 2021	(315,169)	(3,502)	(318,671)
		2021	2020
		\$	\$
<u>Lease liability</u>			
At 1 July		261,421	499,608
Repayments		(251,737)	(238,187)
Additions		366,162	-
Disposals		(31,690)	-
At 30 June		344,156	261,421
Current		123,381	224,996
Non- current		220,775	36,425
Total		344,156	261,421
<u>Amounts recognised in the profit and loss</u>			
Depreciation expense on right-of-use assets		257,094	246,991
Interest expense on lease liabilities		12,482	17,651
Total amounts recognised in the profit and loss		269,576	264,642

	2021 \$	2020 \$
11. Trade and other payables		
Trade payables	61,409	118,504
Other payables	181,052	144,992
Total trade and other payables	242,461	263,496
Ordinary credits terms on trade payables were 14 days. No interest was charged on trade or other payables.		
12. Provisions		
Employee entitlements – current	289,602	286,561
Employee entitlements – non current	116,884	90,895
Make good (leasehold office premises) – non current	24,794	54,251
Total provisions	431,280	431,707
13. Contract liability		
Project funding received in advance	895,260	366,339
Total contract liability	895,260	366,339
14. Retained earnings		
Balance at beginning of the year	2,284,391	2,087,763
Total comprehensive income for the year	314,213	143,106
Total available for appropriation	2,598,604	2,230,869
Transferred from / (to) Constitutional Reform reserve	97,293	53,522
Balance at end of the year	2,695,897	2,284,391

	2021 \$	2020 \$
15. Reserves		
Constitutional Reform reserve	328,237	425,530
Total reserves	<u>328,237</u>	<u>425,530</u>
(a) Constitutional Reform reserve		
<i>Nature and purpose of reserve:</i>		
The Constitutional Reform reserve represents the proceeds of fundraising and is being specifically used to progress the establishment of a First Nation's Voice to Parliament and facilitate truth telling and agreement making measures.		
<i>Movements in reserve:</i>		
Balance at beginning of the year	425,530	479,052
Transferred to / (from) reserve	<u>(97,293)</u>	<u>(53,522)</u>
Balance at end of year	<u>328,237</u>	<u>425,530</u>
16. Key management personnel compensation		
Aggregate compensation to key management personnel and directors of the company	<u>400,700</u>	<u>375,270</u>
The directors of Reconciliation Australia are volunteers. They are not paid to perform their roles and responsibilities but are entitled to claim a set amount, in lieu of forgone income due to time spent on Reconciliation Australia business.		
17. Related parties		
(a) Transactions with other related parties		
During the financial year ended 30 June 2021, the following transaction (ex. GST) occurred between the company and its other related parties:		
<ul style="list-style-type: none"> • Payments totalling \$78,200 (2020: \$54,738) were made to Reconciliation Tasmania to support National Reconciliation Week and Narragunnawali: Reconciliation in Education activities. Mr W. D. Lawson, a director of the company is also the Co-Chair of Reconciliation Tasmania. • A payment of \$1,000 (2020: nil) was made to Aboriginal Education Consulting for consulting services provided to the Narragunnawali Awards program. Ms S. L. Davis, a director of the company is the owner of Aboriginal Education Consulting. 		

During the financial year ended 30 June 2020, the following transactions (ex. GST) occurred between the company and its other related parties:

- Payments totalling \$54,738 (2019: \$33,942) were made to Reconciliation Tasmania to support National Reconciliation Week and Narragunnawali: Reconciliation in Education activities. Mr W. D. Lawson, a director of the company is also the Co-Chair of Reconciliation Tasmania.
- Payments totalling \$63,667 (2019: \$31,667) were made to Reconciliation Western Australia to support National Reconciliation Week, the National RAP Conference and Narragunnawali: Reconciliation in Education activities. Ms S. L. Davis, a director of the company was also a director of Reconciliation Western Australia from December 2019 to July 2020.

18. Additional company information

Reconciliation Australia is a company limited by guarantee, incorporated and operating in Australia.

If the company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations. As at 30 June 2021 the number of members was 8.

The registered office and principal business address of Reconciliation Australia is:

Old Parliament House
King George Terrace
Parkes ACT 2600

19. Subsequent events

On 12 July 2021 the company signed a new lease for 232 square metres of office space within Old Parliament House, Canberra. Commencing 1 August 2021, the lease has a three year term with rental and outgoing costs of \$6,456 per month.

There has been no other matters or circumstances occurring subsequent to the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future years.

Independent Auditor's Report to the members of Reconciliation Australia Limited

Opinion

We have audited the financial report of Reconciliation Australia Limited (the "Entity") which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the declaration by the directors.

In our opinion, the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

- (i) giving a true and fair view of the Entity's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC Act and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

David Salmon

David Salmon
Partner
Chartered Accountants
Canberra, 22 October 2021